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CENTRAL INTELLIGENCE AGENCY  
INFORMATION REPORT

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THE SOURCE EVALUATIONS IN THIS REPORT ARE DEFINITIVE.  
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(FOR KEY SEE REVERSE)

1. Until about 1952, the Soviet-controlled industries in Austria (USIA) were an economic asset. Since early 1953, USIA has been unable to compete in the Austrian market and, in general, was forced to sell its products at below cost. During late 1953 and in 1954, the Soviets subsidized USIA with large amounts of Austrian schillings.
2. USIA sales to the satellite countries are profitable. Profits from these sales are used to offset losses in Austria.
3. USIA deliveries to the USSR are not important enough to the Soviet economy to warrant the retention of the USIA complex. Deliveries to the satellites, however, especially of strategic goods which the USSR is unwilling to supply, are important enough to justify continued USIA operations.
4. Despite the economic advantages offered by USIA, it is doubtful that Soviet retention of USIA properties is motivated mainly by economic considerations. Soviet officials in Austria regard USIA as a political rather than an economic asset.
5. The major reasons for USIA's failure to show a profit in Austria are:
  - a. USIA-controlled plants lack adequate, modern equipment.
  - b. USIA maintains an overly large staff of inefficient, highly-paid workers.
6. The Soviet Oil Administration (SMV) is the most important Soviet asset in Austria. The entire cost of occupation is defrayed from SMV profits.

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